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Federal Communications Commission
Office of the Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	EB Docket No. 03-85
)	
BUSINESS OPTIONS, INC.)	File No. EB-02-TC-151
)	NAL/Acct. No. 30033217002
Order to Show Cause and)	FRN: 0007179054
Notice of Opportunity for Hearing)	

To: Chief Administrative Law Judge
Richard L. Sippel

ENFORCEMENT BUREAU'S
MOTION TO ENLARGE ISSUES

1. The Enforcement Bureau (the "Bureau"), pursuant to Section 1.229 of the Commission's rules, 47 C.F.R. § 1.229¹, hereby submits its Motion to Enlarge Issues in the above-captioned proceeding. As demonstrated herein, the designated issues should be enlarged to include the following additional issues:

To determine whether Business Options, Inc., Buzz Telecom Corp., U.S. Bell, Inc. and/or Link Technologies failed to make required contributions to universal service support programs, in violation of Section 254(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 254(d), and Section 54.706 of the Commission's rules, 47 C.F.R. § 54.706;

To determine whether Business Options, Inc., Buzz Telecom Corp., U.S. Bell Inc. and/or Link Technologies failed to make required contributions to the Telecommunications Relay Services Fund, in violation of Section 64.604(c)(5)(iii)(A) of the Commission's rules, 47 C.F.R. § 64.604(c)(5)(iii)(A);

To determine whether Business Options, Inc., Buzz Telecom Corp., U.S. Bell Inc. and/or

¹ As demonstrated herein, the Bureau has based this Motion on newly discovered facts contained in declarations recently provided to the Bureau by officials of the National Exchange Carrier Association and in documents recently produced in this proceeding by Business Options, Inc. Accordingly, the Bureau respectfully submits that its Motion is timely filed. Moreover, because of the serious violations of law revealed by those documents discussed herein, the Motion should be considered and the requested issues added. See 47 C.F.R. § 1.229.

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Link Technologies failed to file Telecommunications Reporting Worksheets, in violation of Sections 54.711, 54.713, and 64.604 (i) of the Commission's rules, 47 C.F.R. §§54.711, 54.713, 64.604 (c) (iii) (B);

To determine whether an Order for Forfeiture should be issued pursuant to Section 503(b) of the Communications Act of 1934, as amended, 47 U.S.C. § 503(b), against Business Options, Inc., Buzz Telecom Corp., U.S. Bell, Inc. and/or Link Technologies failure to make the required universal service contributions in a timely manner, in violation of Section 254(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 254(d) and Section 54.706 of the Commission's Rules, 47 C.F.R. § 54.706; \$10,000 for each failure to file the required Forms 499 in a timely manner, in violation of Sections 54.711, 54.713, 64.604(c)(5)(iii)(B) of the Commission's Rules, 47 C.F.R. §§54.711, 54.713, 64.604(c)(5)(iii)(B); and c) \$10,000 for each failure to file required contributions to the Telecommunications Relay Services Fund, in violation of Section 64.604(c)(5)(iii)(A) of the Commission's Rules, 47 C.F.R. §64.604(c)(5)(iii)(A).

A. Universal Service/Telecommunications Relay Services Funds Contribution Obligations

2. Section 254(d) of the Communications Act of 1934, as amended (the "Act") requires that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."² Consistent with this statutory mandate, the Commission has assessed carrier contributions to universal service based upon gross billed end-user telecommunications revenues.³ Thus, all telecommunications carriers that provide interstate telecommunications service and certain other providers of such services must contribute to the universal service fund based upon their gross billed interstate and international end-user telecommunications

² 47 U.S.C. § 254(d).

³ See *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, 9206-07, ¶¶ 843-44 (1997) (subsequent history omitted).

revenues.⁴

3. In implementing Section 254 of the Act, the Commission authorized the Universal Service Administrative Company (“USAC”) to administer universal service support mechanisms and to perform billing and collection functions.⁵ The Commission directed USAC to distribute, receive, and process the Telecommunications Reporting Worksheet (the “Worksheet”), by which carriers must report--on a quarterly and annual basis--certain categories of revenues for the purpose of calculating their required universal service contributions, and to adjust contributions in accordance with certain factors established by the Commission.⁶ The Commission’s rules provide that a carrier’s failure to file the Worksheet or to submit required contributions “may subject the contributor to the enforcement provisions of the Act and any other applicable law.”⁷

4. Pursuant to Section 225 of the Act, the Commission must “ensure that interstate and intrastate telecommunications relay services are available, to the extent possible and in the

⁴ 47 C.F.R. §§ 54.706, 54.709. Section 54.706(a)(16) specifically includes resellers of interstate services in the definition of providers of interstate telecommunications services. 47 C.F.R. § 54.706(a)(16).

⁵ *See Amendment of Parts 54 and 69 -- Changes to the Board of Directors of the National Exchange Carriers Association, Inc.*, Report and Order and Second Order on Reconsideration, 12 FCC Rcd 18400, 18415, ¶ 25 (1997) (“*NECA Changes Order*”); 47 C.F.R. § 54.702(b).

⁶ *NECA Changes Order*, 12 FCC Rcd at 18442, ¶ 80. *See FCC Form 499-A Telecommunications Reporting Worksheet -- Annual Filing*, <http://www.fcc.gov/Forms/Form499-A/499a.pdf> (April 2003) (“Form 499-A”). *See also FCC Form 499-Q Telecommunications Reporting Worksheet -- Quarterly Filing for Universal Service Contributors*, <http://www.fcc.gov/Forms/Form499-Q/499q.pdf> (April 2003) (“Form 499-Q”).

⁷ 47 C.F.R. § 54.713.

most efficient manner, to hearing-impaired and speech-impaired individuals in the United States.”⁸ In fulfilling this responsibility, the Commission has adopted rules requiring all carriers providing interstate telecommunications services to contribute to the Telecommunications Relay Service (TRS) Fund.⁹ As with the universal service fund, carriers contribute to the TRS Fund on the basis of their interstate end user telecommunications revenue.¹⁰ Thus, the revenue information reported by carriers on the quarterly and annual Worksheet is used not only for determining a carrier’s universal service contributions, but also its contributions to the TRS fund.¹¹

5. For the following reasons, a material and substantial question exists whether Business Options, Inc. (“BOI”) and its related companies have failed to comply with these requirements of the law.

B. BOI Does Business Through Several Interchangeable Corporations

6. BOI, an Illinois corporation incorporated on March 8, 1993, does business reselling long-distance service primarily to consumers.¹² The Bureau has learned that individuals holding ownership and management positions in BOI hold similar positions with several other companies engaged in the same business as BOI. Moreover, BOI and these other

⁸ 47 U.S.C. § 225(b)(1).

⁹ 47 CFR §64.604(c)(5)(iii).

¹⁰ *Id.*

¹¹ *See* 47 C.F.R. §64.604(c)(5)(iii)(B).

¹² Letter from Shannon Dennie, Director of Corporate Affairs, BOI, dated December 9, 2002, to

companies appear to operate interchangeably. For example, on December 9, 2002, BOI responded to a letter of inquiry sent to its Legal Department by the Bureau's Telecommunications Consumers Division.¹³ As part of its response, BOI provided the December 4, 2002, letter of Gene Chill, which indicated his position as Vice President of Administration for Buzz Telecom Corp. ("Buzz") and listed Buzz's address as the same as that of BOI.¹⁴ The response from BOI also included two other documents from Buzz, one of which indicated that Buzz also does business as "U.S. Bell."¹⁵

7. Documents recently obtained from BOI during discovery in this proceeding confirm the interrelated nature of these companies. They demonstrate that U.S. Bell, Inc. and Buzz are each a Nevada corporation, incorporated on October 28, 1999, and June 18, 2002, respectively,¹⁶ and that Buzz changed its name to Link Technologies in February 2002.¹⁷

Although nominally three separate entities, the evidence suggests that U.S. Bell, BOI, and Buzz

Peter Wolfe, FCC at p. 4 (Attachment A).

¹³ Letter from Colleen Heitkamp, Chief, Telecommunications Consumers Division, Enforcement Bureau, FCC, dated November 1, 2002, to Legal Department, Business Options, Inc. (Attachment B).

¹⁴ See Attachment A, Response Letter from Gene Chill to the FCC dated December 4, 2002.

¹⁵ See Attachment A, Buzz Telecom Policy Letter, dated May 15, 2002.

¹⁶ See "Certificate of Existence with Status in Good Standing" for Buzz Telecom Corp. from the State of Nevada, dated February 13, 2003 (Attachment C) and "Certificate of Existence with Status in Good Standing" for U.S. Bell from the State of Nevada, dated July 21, 2000 (Attachment D).

¹⁷ See U.S. Bell's February 14, 2002, Application for an Amended Certificate of Authority by a Foreign Corporation to Transact Business in South Carolina reporting to the State of South Carolina the change of U.S. Bell's name to Link Technologies (Attachment E). Notwithstanding this name change, however, Mr. Kurtis Kintzel signed a wholesale reseller services agreement

Telecom have operated interchangeably with the same management team, from the same location, and conducting the same business – the resale of long distance telephone service over lines owned and maintained by Qwest.¹⁸ The companies also appear to have considered their income to be interchangeable. BOI's Profit and Loss statements for 2000 and 2001 contain the same figures for total income that U.S. Bell declared as its total gross receipts or sales, respectively, on its income tax returns for those years.¹⁹

C. The BOI Companies Receive Revenue From Long Distance Customers But Apparently Fail to Contribute to the Universal Service and TRS Funds

8. The documents that the Bureau received in this proceeding also reveal that BOI and its related companies received significant revenue from their provision of long distance service, including revenue from their collection of fees ostensibly earmarked for universal

with Qwest on May 16, 2002, on behalf of U.S. Bell, not Link Technologies. *See* Attachment F.

¹⁸ *See, e.g.*, Attachment F, Qwest Wholesale Sales Agreement, executed May 16, 2002, by Kurtis Kintzel on behalf of U.S. Bell, Inc. (U.S. Bell, Inc. agreeing to purchase switchless reseller service; Agreement lists U.S. Bell's address as 8380 Louisiana Street, Merrillville, Indiana); Attachment G, Buzz Telecom Corp. "Statement of Business Operations for Certification to Offer Intrastate Interexchange Telecommunication Services," filed January 24, 2003 (showing Kurtis Kintzel and Keanen Kintzel as directors of Buzz and listing Buzz's address as 8380 Louisiana Street, Merrillville, Indiana); Attachment H, BOI's Foreign Corporation Annual Report to the Secretary of State of North Dakota, filed May 1, 2003, (describing BOI's business as a long distance reseller; listing Kurtis Kintzel and Keanen Kintzel as officers, directors and shareholders; listing BOI's address as 8380 Louisiana Street, Merrillville, Indiana); Attachment E, (listing addresses of Kurtis Kintzel, Keanen Kintzel, and William Brzycki as 8380 Louisiana Street, Merrillville, Indiana).

¹⁹ Compare Attachment I, "Business Options, Inc., Profit Loss, January through December 2000" (listing total income of \$5,363,874.96) with Attachment J, U.S. Bell, Inc. IRS Tax Form 1120, U.S. Corporation Income Tax Return, 2000 (listing gross receipts and sales of \$5,363,875). Also Compare Attachment K, "Business Options, Inc., Profit Loss, January through December 2001" (listing total income of \$8,212,348.67) with Attachment L, U.S. Bell, Inc. IRS Tax Form 1120, U.S. Corporation Income Tax Return, 2001 (listing gross receipts and sales of \$8,212,349).

service, yet failed to make contributions to the federal universal service and TRS funds. In its June 19, 2003, response to the “Enforcement Bureau’s Request for Admission of Facts and Genuineness of Documents,” BOI admitted that it had never filed a Worksheet.²⁰ Indeed, the only time that any of the three BOI-related companies filed a Worksheet, Buzz reported no revenues for the year 2001.²¹ Thus, the evidence indicates that BOI apparently failed to contribute to the universal service fund, the TRS fund, or even file any Worksheets.²²

9. Notwithstanding the companies’ failure to contribute to the federal universal service and TRS funds and their failure to file any Worksheets, it appears that BOI and the related companies reaped significant financial gains from the provision of interstate toll telephone service. In December 2002, BOI claimed to be offering long distance telephone service to customers in 46 states.²³ Tax records obtained during discovery in this proceeding

²⁰ See “Business Options, Inc.’s Answers to the Enforcement Bureau’s Request for Admission of Facts and Genuineness of Documents” filed June 19, 2003 at 194 (Request Number 751). (Attachment M).

²¹ See Attachment N, Declarations of Fabio Nieto, Associate Manager-Account Management, National Exchange Carrier Association (“NECA”), dated June 30, 2003, and of Richard Rhyner, Director, Universal Service Program Support, NECA, dated July 1, 2003, and attached FCC Form 499-A (Telecommunications Reporting Worksheet) for Buzz Telecom Corp. (ID # 822538). NECA is the entity that receives Worksheets and administers the TRS Fund. See *In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities CC Docket No. 98-67* (Second Report and Order, Order on Reconsideration, and Notice of Proposed Rulemaking, FCC 03-112, released June 17, 2003, at n. 257).

²² Additionally, on July 8, 2003, a representative of Qwest, the underlying provider whose service BOI resells, informed the Bureau that Qwest does not contribute to the universal service fund on behalf of BOI and therefore does not abrogate BOI’s universal service contribution responsibility.

²³ Section 63.71 Application, at p. 1 (Attachment O).

reveal that U.S. Bell and BOI reported gross receipts and sales in excess of five million dollars in 2000 and eight million dollars during 2001.²⁴ Likewise, financial statements of Buzz indicate that the company received more than \$4.6 million in long distance revenue in 2002.²⁵ Given the common nature of the companies' business and the amount of revenue reported, it would appear that BOI, Buzz, and U.S. Bell/Link derived a substantial income from interstate toll telephone service revenues. In fact, BOI reported nearly \$250,000 in interstate and international revenue in the state of Maine alone during 2002.²⁶ Thus, it appears that BOI, Buzz, or U.S. Bell/Link should have contributed to the universal service and TRS funds.²⁷

10. Even while BOI failed to contribute to the universal service and TRS funds or file the required Worksheets, evidence in the Bureau's possession indicates that BOI nonetheless charged customers a flat fee purportedly to collect money for the company's contribution to

²⁴ See Attachment J; Attachment L; Attachment P, BOI IRS Tax Form 1120S, U.S. Income Tax Return for an S Corporation, 2000 (listing gross receipts and sales of \$280,248); and Attachment Q, BOI IRS Tax Form 1120S, U.S. Income Tax Return for an S Corporation, 2001 (listing gross receipts and sales of \$255,917).

²⁵ See "Buzz Telecom Corp. Profit & Loss, January through December 2002" (Attachment R).

²⁶ See BOI "Annual Report to Maine PUC for the Year Ending December 31, 2002" (Attachment S).

²⁷ Moreover, it appears from the companies' income levels that no exception to this obligation applies. Considering the current and past percentages established by the Commission for determining federal universal service contributions and the income levels reported by BOI and its companion corporations, it is unlikely that the companies' interstate income levels were so low as to place them below the *de minimis* exemption figure of \$10,000 set forth in 47 C.F.R. § 54.708. For example, the proposed contribution factor for the third quarter of 2003 is 9.5 percent. See *Proposed Third Quarter 2003 Universal Service Contribution Factor* (Public Notice), DA 03-1909, released June 6, 2003. Contribution factors for earlier periods have been smaller but generally never less than 7 percent. See, e.g., *Proposed Second Quarter 2002 Universal Service Contribution Factor*, CC Docket No. 96-45 (Public Notice), DA 02-562,

universal service. Specifically, invoices sent to three of the “slamming” complainants in this proceeding each reflect the imposition of a \$3.75 line-item charge described on the bills as being for federal universal service.²⁸ BOI’s universal service charge was the same for all three, despite the fact that the consumers’ respective interstate long distance usage varied. BOI’s charge presumably bears no relationship to the interstate toll charges for which BOI billed the complainants; instead, it appears that BOI simply levied a fixed charge against these complainants under the rubric of universal service.²⁹

released March 8, 2002.

²⁸ *See, e.g.*, May 3, 2002 statement from SBC to Fred D. Michaelis, p. 7; May 8, 2002, statement from Sprint to Bessie Goodbrake, p. 5; June 4, 2002, statement from Verizon to Doyle G. & Barbara Beeson, p. 5. *See* Attachment T.

²⁹ The Bureau notes that, as of April 1, 2003, the amount of the federal universal service line-item charge may not exceed the interstate telecommunications portion of the customer’s bill times the relevant contribution factor. 47 C.F.R. § 54.712. Should the requested issues be added and further discovery reveals that BOI, Buzz and/or U.S. Bell/Link have imposed line-item charges for universal service which exceed those permitted under Section 54.712 of the rules, the Bureau will move to seek an appropriate issue.

11. As demonstrated herein, BOI, Buzz and U.S. Bell/Link have failed to file required Worksheets or make required universal service and TRS Fund contributions despite receiving significant revenue from the provision of long distance service and billing its customers for universal service fees. For these reasons, the Bureau submits that addition of the requested issues is warranted.

Respectfully submitted,

William D. Freedman
Maureen F. Del Duca

Chief, Investigations and Hearings Division

James W. Shook / WDF
James W. Shook

Attorney

Trent Harkrader / WDF

Trent Harkrader

Attorney

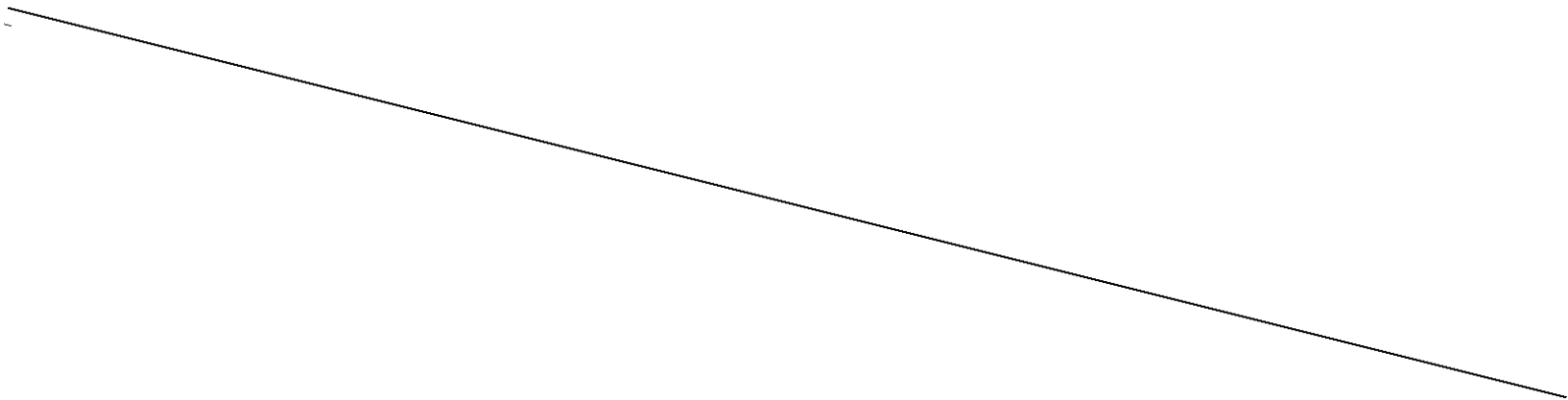
Peter G. Wolfe

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Federal Communications Commission
445 12th Street, S.W., Room 3-B443
Washington, D.C. 20554
(202) 418-1420

July 15, 2003



A

ATTACHMENT A

**December 9, 2002, Business Options, Inc. Response to Enforcement
Bureau's November 1, 2002, Letter of Inquiry**

Business Options, Inc.
8380 Louisiana Street
Merrillville, Indiana 46410-6312

December 9, 2002

Peter Wolfe
445 12th St. SW
Washington, DC 20554

Dear Mr. Wolfe:

I am faxing the responses as you requested. We will be sending over the state complaints as soon as we receive them.

If you having questions, comments or concerns, please contact me at 219-756-5320.

Respectfully,


Shannon Dennie
Dir. Of Corporate Affairs

Business Options Responses

1. Business Options was incorporated in the State of Illinois on March 15, 1992. The company is privately held and does not own any property in any state.

Owners, Directors and Officers:

Kurtis Kintzel	70% owner	President/COB
Keanan Kintzel	28% owner	Secretary/Treasurer/Director

2. Certificate of Authority from the State of Illinois is attached

3. During this period no one representing BOI has changed the preferred carrier as specified in the complaints in Attachment A.

4. The telemarketing sales script along with instructions to telemarketers are attached.

5. During this time period there was a day shift and a night shift. Each shift had approximately 40 employees and had 3 managers. All of these employees were Business Options employees.

6. Telemarketers are monitored daily. However, individuals are not notified when they will be monitored. Please see attached letter from the Vice President of Administration for our policy on employees failing to adhere to BOI policies and procedures. Also included is the Policy Letter dated October 3, 2002

For questions 7-11 please see attached letter from VP of Administration

Gene Chill
Vice President of Administration
Buzz Telecom
838380 Louisiana Street
Merrillville, IN 46410
(219) 756-5320
gchill@ebuzz.bz

4 December 2002

To Whom It May Concern:

As the senior employee over all Human Resource matters at Buzz Telecom, I am happy to forward the answers to questions as of our legal department by the FCC.

Question 7: I do have only one single such instance of the misrepresentation described in this point, and this occurred over five months ago. Our tape auditor caught this example and it did not result in a sale. I have no means by which I can retrieve the documents related to this situation as I don't recall even the representative involved. Any such instance, depending on how flagrant, would result in immediate suspension or termination.

Question 8: I have reviewed no such examples as described in this question.

Question 9: Our telemarketers alert the customer that the verifiers are there to assure that the representative is doing their job correctly, I have seen no examples where it is suggested the reps job would be lost based on the verification outcome.

Question 11: We terminated a Melissa Grissom in May, 2002, for violations that most closely approximate what is described in your questionnaire. This woman in fact sought to be rehired in late October but this was declined.

Warmly,

Gene Chill



To all to whom these Presents Shall Come, Greeting:

I, George H. Ryan, Secretary of State of the State of Illinois,
do hereby certify that

BUSINESS OPTIONS, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE MARCH 8, 1993, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE FILING OF ANNUAL REPORTS AND PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS*****

PAUL D. PATE
Secretary of State
FILED
Date: 3-27-96
Time: 10:53
Location: W/165248

In Testimony Whereof, *I hereby set*

my hand and cause to be affixed the Great Seal of
the State of Illinois this 22ND
day of MARCH 24, 19 96



George H. Ryan
SECRETARY OF STATE

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**POLICY LETTER
BUZZ TELECOM**

November 8, 1993R

August 4, 1995R

October 11, 2000R

October 3, 2002

All Sales Personnel
All Exec.s
Qual Division
Delivery Division

**"Our Relationship With Long Distance
Carriers and Local Exchange Carriers"**

We at Buzz Telecom are not agents of AT&T, Illinois Bell, Ameritech, Verizon or any or other long distance or local exchange carrier. Buzz Telecom is a switch less long distance carrier with it's own license and tariffed products to market. We are not contracted by any carriers to do this for them.

Any misrepresentation by a Buzz Telecom employee that we are agents or part of a major or local carrier (AT&T, Sprint, MCI, LCI, Verizon, Ameritech, etc.) is cause for immediate dismissal.

Any misrepresentation endangers our company and thus the livelihood of every employee of the company. DO NOT take it lightly. If you witness any misrepresentation, report it immediately. It could very well be your own job and paycheck that you are saving.

Employee writes "I have read and understand this Policy Letter"

Employee's Signature

Date

Witness Signature

Date

William Brzycki
Vice President of Administration

For and approved by the
Chairman of the Board

**POLICY LETTER
BUZZ TELECOM**

April 24, 2002

May 15, 2002 R

Inside Sales Rep Hat

"STANDARD SALES PITCH"

US Bell has been in business nearly ten years. We have experimented with many sales pitches over that time and created a sales pitch that produces new customers. The quantity and quality of orders produced are excellent. When sales Reps start changing the sales pitch, the following happens:

- They knowingly or unknowingly give the customer incorrect information;
- New and/or low producing Sales Reps start saying the same or similar things;
- The ratio of orders to verified orders ("submit percentage") decreases;
- Cancels after a month increase;
- Customer Service refunds increase;
- Legal complaints increase;
- Legal expenses are incurred;
- And sometimes we are asked to not sell in a certain state.

For these reason, US Bell will hereafter have only one sales pitch that all Reps will use. This pitch will be referred to as the "Standard Sales Pitch". Additionally, the objection handlings attached are the only approved handlings. If a Rep believes the script or the objection handlings can be improved, they may submit in writing a request to the COB via Executive Council to have their improvements reviewed. ~~Only the~~ COB may approve the script to be changed.

The approved Standard Sales Pitch and Standard Objection Handlings are signed and distributed Sales Directives.

Kurtis Kintzel
COB

Written for and approved by the Executive
Council and Chairman of the Board

Standard Sales Pitch

April 24, 2002

May 15, 2002r

Hello, may I please speak with the person in charge of the telephone bill, Mr./Mrs. ____?

Hi, how are you today? *(attempt to get in communication with the customer here on subjects other than telecommunications)*

My name is _____ and I am calling from Business Options to inform you that you are qualified to receive the Super Saver. The Supersaver may save you 25% - 50% on your long distance calls. You were selected for the savings because customers in your area have an excellent record with our company.

The Supersaver will lower your state to state rates down to 5.9 cents per minutes 24 hours per day, 7 days per week. The Business Options Supersaver is GUARANTEED to be one of the lowest rates in the telecommunications industry, especially compared to the 10-15 cents per minute you might be paying. Also, instead of paying almost \$10.00 in your monthly service fee like many people in the country, the Supersaver is only \$4.90 /month.

In order to receive the savings, what will simply happen is that Business Options will be handling all your long distance calls, including your local long distance calls. You will only have one phone bill for your local and long distance calls because we utilize your local telephone company for billing.

Will you be available in the next 15-20 minutes? The reason I ask is, a verifier will be giving you a quick call to verify that you are giving Business Options permission to change the long distance for (____) _____. They will also make sure that you understand that Business Options is not your local phone company, you understand that you are guaranteed to receive 5.9 cents per minute on your state to state calls, and that your monthly fee will only be \$4.90, okay?

Now when they call, they are not permitted to answer any questions. So, do you have any questions for me?

Okay, congratulations on being selected for the Business Options Supersaver and I hope you enjoy the savings.



Kamna Reillo
Director of Sales Training

The Business Options Supersaver Objection Handlings

April 26, 2002 revised

I am not interested...

- I understand how you feel, most people call wanting you to spend money. I'm calling to show you how you can save money. *Back to pitch...*
- If I could show you how to save money every month, then would you be interested? *Back to pitch...*
- I understand that you are very busy, if you could give me 2 minutes I can show you how to save money. *Back to pitch...*

Who is Business Options?

- I am glad you asked, Business Options is a nationwide phone company. We have provided over 1/2 million customers with service over the past ten years. *Back to pitch...*
- We are a nationwide telephone company that provides savings to small businesses and we are now also passing those same savings to residential customers like you. *Back to pitch...*
- We are a national phone company that for the past ten years has saved over 1/2 million customers money on their phone bill. *Back to pitch...*

I pay less per minute...

- How many average phone calls do you make per month?
- What kind of time restrictions do you have? *Back to pitch...*
- What is your monthly service fee? *Back to pitch...*
- What are your state-to-state rates? *Back to pitch...*

I don't have a monthly service fee...

- What is your price per minute?

I don't make any long distance calls...

- Do you have friends or family living outside your state? *Back to pitch...*
- Do you call other towns or cities in your own state? *Back to pitch...*
- Do you know what your currently paying for monthly service? *Back to pitch...*

Are you a telemarketer?

- I am a professional sales representative *Back to pitch...*
- I am a professional chair sitter... *Back to pitch...*

I don't want to change my local phone service...

- We are not your local phone company. *Back to pitch...*

Can you send me something...

- Our firm spends its money on professional sales reps like myself to answer your questions personally. What questions do you have? *Back to pitch...*
- Your savings will appear on your local phone bill in a few months. *Back to pitch...*

Are There Any Other Fees or Charges?

- You will be charged the normal telecommunication taxes, but that is it. *Back to pitch...*

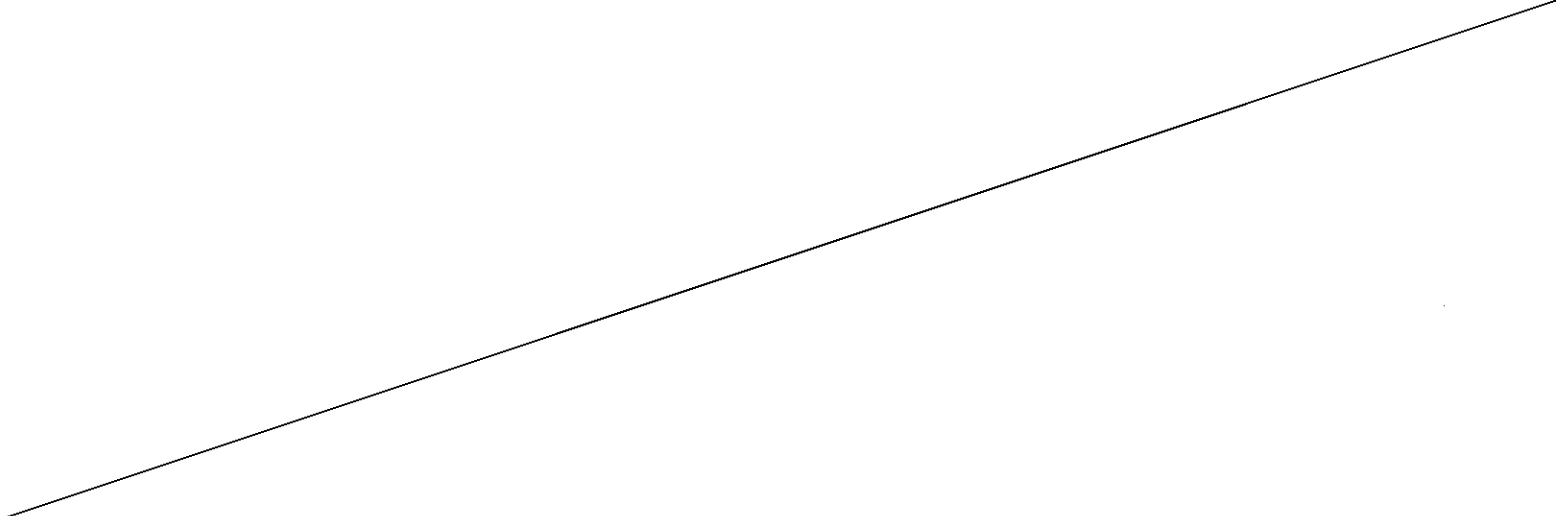
Does switching cost me anything?

- We don't charge you a switch fee. Your local phone company may charge you a small one-time switching fee which we will be happy to reimburse you if you call us after you incur the charge. *Back to pitch...*

Why was I Qualified/selected?

- You were selected because customers in your area have an excellent record with our company.
- Our lead generation system selects potential customers that are able to use our service.
- I don't know, you were on my list.

Kurtis Kintzel
COB



B

ATTACHMENT B

Enforcement Bureau's November 1, 2002, Letter of Inquiry



November 1, 2002

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AND FACSIMILE

Legal Department
Business Options, Inc.
8380 Louisiana Street
Merrillville, IN 46410-6312

Dear Sir or Madam:

The Enforcement Bureau of the Federal Communications Commission ("FCC") is conducting an inquiry into certain practices associated with the services of Business Options, Inc. ("BOI"). The practices in question relate, among other things, to the unauthorized conversion of a consumer's preferred telephone service, commonly referred to as "slamming," contrary to the requirements contained in Section 258 of the Communications Act of 1934, as amended, 47 U.S.C. § 258, and the Commission's related rules, 47 C.F.R. §§ 64.1100-1140. This inquiry is undertaken pursuant to the provisions of Sections 4(i), 218 and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 218, 403.

To assist the Bureau in determining whether enforcement action is appropriate with respect to these practices, we direct BOI to provide the information and documents specified below on or before November 22, 2002.¹

Instructions

If you request that any information or documents responsive to this letter be treated in a confidential manner, you shall submit, along with all responsive documents, a statement of the reasons why the documents should be afforded confidential treatment and the facts upon which this claim is based, in accordance with the FCC's rules. See 47 C.F.R. § 0.459.

If you withhold any documents under claims of privilege, you shall submit, together with any claim of privilege, a schedule of the items withheld that states individually as to each such item the numbered request (below) to which each item responds and the type, title, specific subject matter, and date of the item; the names, addresses, positions, and organizations of all authors and recipients of the item; and the specific grounds for claiming that the item is privileged.

¹ Pursuant to Sections 218 and 403 of the Communications Act, 47 U.S.C. §§ 218, 403, the FCC is authorized to compel the production of documents and other information.

Each requested document not subject to a claim of privilege or request for confidential treatment shall be submitted in its entirety even if only a portion of that document is responsive to a request. This means that the document shall not be edited, cut, or expunged, and shall include all appendices, tables, or other attachments, and all other documents referred to in the document or attachments. All manuals, instructions, and any other written materials necessary to understand any documents responsive to these requests must also be submitted.

BOI must immediately modify its document retention policies, if necessary, to ensure that no arguably relevant Documents, as defined herein, are destroyed. This obligation includes not only the Documents responsive to the specific inquiries contained herein, but also any other Documents relating to these matters. BOI must retain all Documents and continue the modified document retention policies for twenty-four (24) months from the date of this letter unless (1) BOI is directed by the Enforcement Bureau to retain such Documents and continue the modified document retention policies for some alternate period of time or (2) the Enforcement Bureau and or the FCC releases any item on the subject of this inquiry, including but not limited to a Notice of Apparent Liability for Forfeiture or an Order of any kind, in which case BOI must retain all such Documents and continue the modified document retention policies until the matter has been finally concluded by payment of any monetary penalty, satisfaction of any conditions, expiration of all possible appeals, conclusion of any collection action brought by the United States Department of Justice or execution and implementation of a final settlement with the Enforcement Bureau. This includes not only the information requested, but also any other documents relating to these matters, including, without limitation, files, computer disks and tapes, audio or visual tapes or recordings, manuals, instructions, training materials, memoranda, documents, forms, letters, or other writings used in connection with BOI's advertising, promotion, marketing, offering for sale, sale, and billing.

For purposes of this letter, the word "any" shall be construed to include the word "all," and the word "all" shall be construed to include the word "any." Additionally, the word "or" shall be construed to include the word "and," and the word "and" shall be construed to include the word "or." The word "each" shall be construed to include the word "every," and the word "every" shall be construed to include the word "each."

For each document or statement submitted in response to the requests below, indicate, by number, to which request it is responsive. If any document is undated, state the date on which it was prepared. If any document does not identify its author(s) or recipient(s), state, if known, the name of the author(s) or recipient(s). If such information is unknown to BOI, identify the person(s) from whose files the document was retrieved.

For purposes of this letter, unless otherwise specified, the documents that are the subject of the numbered paragraphs below are all documents dated or created, in either final or draft form, from April 1, 2002 until the present.

Identify with reasonable specificity all documents provided in response to these requests. Any written statement in response to a request should be certified by an authorized officer of the company.

Definitions

For purposes of this letter, the following definitions apply:

"Document" shall mean the complete original (or in lieu thereof, exact copies of the original) and any non-identical copy (whether different from the original because of notations on the copy or otherwise),